

March 25, 2021

**Testimony of John Burt in support of HB-5172
Appropriations Committee Public Hearing on
March 26, 2021**



HB-5172 AAC PILOT for MM&E Equipment

Chairman Osten, Chairman Walker and distinguished members of the Appropriations Committee, thank you for the opportunity to submit testimony in favor of HB-5172. Summarized below is the total revenue loss to Groton from the 1991 Grand List through to the 2019 Grand List for the MM&E Exemption Program. The revenue losses are demonstrated as tax dollars which have been absorbed by the residents and businesses of Groton.

Manufacturing & Machinery Equipment: The MM&E exemption program began in 1990 when the legislature enacted the program aimed at assisting manufacturers as part of a larger economic stimulus bill. The program originally exempted MM&E assets for four years and municipalities were reimbursed for 100% of the revenue loss. The program has been modified over the years: in 1995 the exemption was extended to five years; in 1996 a new depreciation schedule was adopted and language was adopted broadening the definition of eligible exemption to include machinery used in biotechnology; also in 1996 the eligibility was broadened to include certain commercial trucks. In 2001 the state reimbursement was reduced from 100% to 80% of a towns' revenue loss.

Beginning with the 2010 assessment year, OPM ended its audit program and placed the burden of qualifying assets to either be eligible or ineligible on municipalities. This amounts to staff reviewing nearly nine thousand individual assets for Pfizer and Electric Boat alone. In addition to ending the audit program, the state ended the reimbursement to towns in 2011. All MM&E assets are now fully exempt from local property tax. **There is no sunset provision to this legislation.** The chart below illustrates revenue loss from the 1991 to the 2019 grand lists.

MM&E TAXES FROM 1991GL TO 2019GL		
PERSONAL PROPERTY <u>TAXES</u>		
REVENUE LOSS 1991GL-2019GL	REC'D STATE REIMBURSEMENT	STATE UNFUNDED PORTION
100,161,238	\$51,797,043	-\$43,899,707
	54%	-46%
	% REIMB	% UNPAID

Again, thank you for the opportunity to submit testimony in favor of the review of mandated programs. If the committee has any questions, please contact me at jburt@groton-ct.gov or at 860-441-6630.

Sincerely,

John Burt
Town Manager
Town of Groton



General Assembly

January Session, 2021

Proposed Bill No. 5172

LCO No. 598



Referred to Committee on APPROPRIATIONS

Introduced by:
REP. TURCO, 27th Dist.

AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES TO MUNICIPALITIES FOR MANUFACTURING MACHINERY AND EQUIPMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 That chapter 203 of the general statutes be amended to require the
- 2 state to provide payments in lieu of taxes to municipalities for
- 3 manufacturing machinery and equipment, paid at one hundred per cent
- 4 of the amount of property taxes that, except for the exemption in section
- 5 12-81 of the general statutes, would have been paid.

Statement of Purpose:

To assist municipalities with the cost of providing the manufacturing machinery and equipment exemption, provide property tax relief and encourage growth in manufacturing.